ATTACHMENT III

November 1, 1994

TO: J. W. Best
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FROM: G. C. Pennell

RE: ***Refined Savings Strategy (1994/1995)***

Attached is the refined tactics/guidelines for our Savings Strategy. As discussed, implementation of this should begin as soon as possible and no later than 11/14/94. In addition, each Sales Area/ROU is responsible for identifying by division who their key branded Savings competitors are and provide to me as soon as completed. It is important that everyone understand the background, rationale and need to make these adjustments to the strategy. Finally, the additional discounting funds allocated are there to be used if needed. The expectation is to implement the strategy, not spend all the budget.

Should there be questions or if additional information is needed, please let me know.

Cliff

G. C. Pennell

Attachments

GCP/kw

cc: J. C. Schroer
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Source: https://www.industrydocuments.ucsf.edu/docs/ffcy0000

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Recommendation

1. Maintain a "match competition" strategy with more defined tactics/guidelines

- ☐ Match key BS competitors up to but not to exceed specific values ("ceiling strategy) OK
  - up to $2 carton/$.20 pack → all outlets except cigarette outlets
  - up to $3 carton → cigarette outlets
- ☐ Define "key Branded Savings competitors" by division (manage exceptions) OK — More Aggressive on Managing Exceptions
  (e.g., respond to largest competitors)
- ☐ Product must be stickered with VPR or coupon
- ☐ Maximum buy-down commitment of 30 days (manage exceptions)
- ☐ Follow this strategy on DORAL Nationally
- ☐ Follow this strategy on MONARCH/BEST VALUE only where development dictates (MONARCH/BEST VALUE should not be lower than DORAL in cost excluding contractual situations) } No more than $1.50 in contract Lets Discuss

$1.50

- ☐ Must avoid responding to Liggett and wildcatter "cut rate" actions — OK to Promote to 2nd on Doral/ and Monarch where Appropriate
- ☐ Implement as soon as practical (11/14/94)

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